

## **REGULATION 5 OPERATION OF GAMING ESTABLISHMENTS**

### **ADOPTION OF NEW REGULATION 5.220: OPERATION OF A MOBILE GAMING SYSTEM**

**PURPOSE:** To implement the provisions of Assembly Bill 471 as adopted by the 2005 Nevada Legislature; to establish a definition of “mobile gaming system,” “operator of a mobile gaming system,” “communication technology,” “equipment associated with mobile gaming,” “licensed gaming establishment,” “licensee,” “mobile communications device” and “public area;” to establish the terms and conditions for obtaining and holding a license as an operator of a mobile gaming system; take such additional action as may be necessary and proper to effectuate these stated purposes.

(Draft date: 10/31/05)

#### **5.220 Operation of a mobile gaming system.**

1. Definitions. As used in this section:

- (a) “Chairman” means the chairman of the board or the chairman’s designee.
- (b) “Communications technology” means any method used and the components employed by a licensed gaming establishment to facilitate the transmission of information, including, without limitation, transmission and reception by systems based on wireless network, wireless fidelity, wire, cable, radio, microwave, light, optics or computer data networks. The term does not include the Internet.
- (c) “Equipment associated with mobile gaming” means associated equipment as defined within NRS 463.0136, that will be approved as associated equipment.
- (d) “Licensed gaming establishment” means the establishment of a licensee, which includes all land, together with all buildings and improvements located thereon.
- (e) “Licensee” means a person or entity licensed to conduct nonrestricted gaming operations, who at all times exposes to the public for play, 100 or more slot machines and at least one table game, within its licensed gaming establishment. The term does not include a person or entity licensed as a holder of a security or other ownership interest in the licensee, or as an officer, director or key employee of the licensee, or due to any other relationship or involvement with the licensee or gaming operation.
- (f) “Mobile communications device” means a device which displays information relating to the game to a participant in the game as part of a system.
- (g) “Mobile gaming system” or “system” means a system that allows for the conduct of games through mobile communications devices operated solely within a public area of the licensed gaming establishment by the use of communications technology that allows a patron to bet or wager, and corresponding information related to the display of the game, gaming outcomes or other similar information.
- (h) “Operator of a mobile gaming system” or “operator” means a licensee who has been licensed to operate a mobile gaming system, or a person or entity, who, under any agreement whereby consideration is paid or payable for the right

to place a mobile gaming system, engages in the business of placing and operating a mobile gaming system within the public area of a licensed gaming establishment and who is authorized to share in the revenue from the mobile gaming system without having been individually licensed to conduct gaming at the establishment.

(i) "Public area" means all areas within the licensed gaming establishment, where a gaming device may lawfully be operated, except the following:

- (1) Rooms available for sleeping;
- (2) Living accommodations that are accessible from rooms available for sleeping;
- (3) Parking lots;
- (4) Parking garage; and
- (5) Such other or additional areas as the Chairman may determine. An operator or licensee aggrieved by a decision of the Chairman may submit the matter for review by the Board and Commission pursuant to NGC Regulations 4.185 through 4.195, inclusive.

(j) "Wagering account" means an electronic ledger wherein the following types of transactions relative to a mobile gaming system are recorded:

- (1) Deposits;
- (2) Withdrawals;
- (3) Amounts wagered;
- (4) Amounts paid on winning wagers;
- (5) Service or other transaction-related charges authorized by the patron; and
- (6) Adjustments to the account.

2. A system may only be exposed for play to the public by an operator licensed by the Commission at a licensed gaming establishment.

3. In addition to any other requirements set forth in the NRS or these regulations, the operator and licensee where a system is operated shall comply with the following requirements:

(a) Only a system that has been approved by the Commission may be exposed for play within a licensed gaming establishment.

(b) The licensee shall be responsible for any patron dispute arising at the licensed gaming establishment with respect to any system and games exposed thereby, and shall act in accordance with the provisions set forth in NRS 463.362, et. seq. This fact shall be disclosed to the patron at the time of the dispute. Operators and licensees shall cooperate in the resolution of patron disputes arising at the licensee's establishment, and the licensee may contractually seek indemnity from the operator for any losses.

(c) The licensee shall be responsible for all payouts from each system operated within its licensed gaming establishment.

(d) Systems that expose games with fixed payoff schedules that exceed \$250,000 or in the case of systems that expose games with progressive payoff schedules that are expected to exceed \$250,000, are limited to Group I, nonrestricted gaming operations.

(e) At the request of the chairman, an operator shall deposit with the Board and thereafter maintain a revolving fund in an amount of \$20,000 unless a lower amount is approved by the Chairman, which shall be used to ensure compliance of the system with applicable laws and regulations. Upon surrendering its

operator's license, the Board may refund the balance remaining in the revolving fund.

(f) All revenue received from the system, regardless of whether any portion of the revenue is shared with the operator, must be attributed to the licensee of the licensed gaming establishment and counted as part of the gross revenue of the licensee pursuant to NRS 463.370. The operator, if receiving a share of the revenue from a system, is liable to the licensee for the operator's proportionate share of the license fees paid by the licensee pursuant to NRS 463.370.

(g) Each separate mobile communications device is subject to the same fees and taxes made applicable to slot machines by NRS 463.375, if it is activated on the system and made available for play by a patron at any time during a calendar quarter, and by NRS 463.385, if it is activated on the system and made available for play by a patron at any time during a fiscal year. The Operator shall be liable to the licensee for the operator's proportionate share of the licensee fees paid by the licensee pursuant to NRS 463.375 and 463.385.

(h) Operators shall retain and provide board agents, upon request, all records pertaining to their mobile gaming systems including, without limitation, all revenue and cash records, end-of-day reports, computer room visitors logs, details of any patron disputes, device or game performance reports, weekly reports, and any other financial or non-financial records or reports required to be provided by the Chairman.

4. Failure to comply with any of the requirements set forth in subsection 3 shall be an unsuitable method of operation.

5. Except for subsections 3(f) and 3(g), the chairman may, for good cause shown, waive any of the requirements set forth in subsection 3 of this regulation.

6. Operators shall maintain the records required by this section for at least five years after the records are made unless the Chairman approves otherwise in writing.

7. Before a wager may be made on a system, the patron must personally appear at the licensee's establishment to open a wagering account. An employee of the licensee must examine, in the presence of the patron, and record the patron's:

- (a) Driver's license;
- (b) Passport;
- (c) Non-resident alien identification card;
- (d) Other reliable government issue identification credential; or
- (e) Other picture identification credential normally acceptable as a means of identification when cashing checks.

(Effective\_\_\_\_\_.)

### **REGULATION 3 LICENSING: QUALIFICATIONS**

#### **AMENDMENTS TO REGULATION 3.100**

**PURPOSE:** To implement the requirements of Assembly Bill 471 as passed by the 2005 Nevada Legislature; to establish that a employee report currently required by NGC Regulation 3.110, must

also be filed by a person licensed as an Operator of a Mobile Gaming System; to increase the compensation level applicable to persons who must be included on the employee report filed with the Board, from \$75,000, to a higher amount; to take such additional action as may be necessary and proper to effectuate these stated purposes.

(Draft Date: 10/31/05)

### **3.100 Employee report.**

1. On or before January 15 and July 15 of each year, each nonrestricted licensee, including each operator of a slot machine route, of a mobile gaming system, or of an inter-casino linked system, and each pari-mutuel systems operator shall submit an employee report to the board. The report shall identify every individual who is, or who has been since the filing of the previous report, actively engaged in the administration or supervision of the operation as follows:

(a) Any individual who is compensated in any manner in excess of [\$75,000] \$125,000 per annum or the ten highest compensated individuals, whichever method results in the greater number of employees. For purposes of this subsection compensation is the value of all salaries, bonuses, other taxable benefits and deferred compensation given to the employee;

(b) Any individual who may exercise discretionary authority with regard to gaming credit policy, which includes, but is not limited to those individuals who may:

(1) Approve credit limits,  
(2) Approve the use of rim credit,  
(3) Approve an increase of 10 percent or \$1,000, whichever is greater, over a patron's previously established credit limit, or

(4) Recommend or approve the settlement or write-off of a credit instrument;

(c) Any individual who has the authority to hire or terminate supervisory casino personnel;

(d) Any individual who has the authority to supervise or direct a shift of each gaming or security activity, including but not limited to supervision or direction of the entire pit operation, keno games, bingo games, slot machines, race book, sports pool, pari-mutuel operations, and any persons having authority to supervise or direct such persons;

(e) Any individual who may authorize or provide complimentary benefits, which are normally provided by the licensee in exchange for compensation, other than food and beverage to a casino customer;

(f) Any individual having authority or the responsibility to manage one or more of the following types of departments or functions of the nonrestricted operation including, but not limited to: the accounting department, food and beverage department, cage department, credit and collections department, personnel department, internal audit department, security department, surveillance department, entertainment department and the sales and marketing department;

(g) Any individual who has the authority to set betting lines, point spreads or betting odds; who has the authority to authorize the voiding of betting tickets; or who has the authority to approve wagers larger than the posted limits established for the book;

(h) Any individual who may enter into a contractual arrangement, which is reportable pursuant to Regulation 8.130, on behalf of and binding upon the licensee;

(i) Any individual who has been specifically represented to the board, commission, or any other federal, state, or local government agency by a licensee, officer, or director thereof as being important or necessary to the operation of the gaming establishment;

(j) All persons who individually or as part of a group formulate management policy;

(k) Any job position or individual who, upon written notification by the board, is considered by the board to be a reportable position or employee for purposes of this regulation. Subsequent to notification the specific individual must appear on all subsequent employee reports, unless notified otherwise by the board or terminated by the licensee.

2. The employee report shall include the employee's name, job position title, social security number and a complete list of those categories described herein which apply to each employee.

3. The employee report shall be confidential and may not be disclosed except upon order of the commission or pursuant to the terms of NRS 463.120.

(Effective Date: \_\_\_\_\_)

## **REGULATION 4 APPLICATIONS: PROCEDURE**

### **AMENDMENTS TO REGULATION 4.030**

**PURPOSE:** To implement the requirements of Assembly Bill 471 as passed by the 2005 Nevada Legislature; to establish a new definition of Operator of a mobile gaming system; to take such additional action as may be necessary and proper to effectuate these stated purposes.

(Draft Date: 08/12/05)

#### **4.030 Classification of licenses, and other commission actions for which applications must be made.**

##### **1. Gaming licenses.**

(a) Restricted license. One which permits the operation of slot machines only in an establishment wherein the operation of machines is incidental to the primary business of the licensee. Fifteen (15) machines is the maximum number of machines which may be operated under this type of license. Any restricted licensee at more than two locations may be required to apply for and obtain an operator of a slot machine route license.

(b) Nonrestricted license. Any license other than a restricted license. The term includes:

(1) Operator of a mobile gaming system. A nonrestricted license which authorizes the holder under any agreement whereby consideration is paid or payable for the right to place a mobile gaming system, to engage in the business

of placing and operating a mobile gaming system within the public area of a licensed gaming establishment and who is authorized to share in the revenue from the mobile gaming system without having been individually licensed to conduct gaming at the establishment.

[(1)] (2) Operator of a slot machine route license. A nonrestricted license which authorizes the holder to place slot machines in a licensed location and share in the profits therefrom without being on the license issued for the location. An operator's license will normally be issued only to an applicant already licensed at three locations or having firm commitments to place machines at three licensed locations upon licensing.

[(2)] (3) Operator of an inter-casino linked system license. A nonrestricted license which authorizes the holder to place and operate an inter-casino linked system on the premises of two or more licensed locations, and to share in the revenue therefrom, without being on the licenses issued for the locations. Licensure is not required if a gaming licensee is operating an inter-casino linked system on the premises of an affiliated licensee, or if an operator of a slot machine route is operating an inter-casino linked system consisting of slot machines only.

2. Manufacturer's license. One which authorizes the holder to manufacture, assemble or produce any device, equipment, material or machines used in gambling, except pinball machines, in the State of Nevada in accordance with Regulation 14.

3. Distributor's license. One which authorizes the holder to sell, distribute or market any gambling device, machine or equipment in the State of Nevada in accordance with Regulation 14.

4. Disseminator's license. One which authorizes the holder to furnish an operator of a race book, sports pool or gambling game who is licensed in this state with information relating to horse racing or other racing which is used to determine winners of or payoffs on wagers accepted by the operator. The term does not include a person who provides a televised broadcast without charge to any person who receives the broadcast.

5. Pari-mutuel systems operator's license. One which authorized the holder to engage in the providing of an off-track pari-mutuel system.

6. Registration. Commission action authorizes a corporation to be a holding company with respect to a corporation which holds or applies for a state gaming license.

7. Findings of suitability. The Nevada Gaming Control Act and regulations thereunder require or permit the commission to require that certain persons, directly or indirectly involved with licensees, be found suitable to hold a gaming license so long as that involvement continues. A finding of suitability relates only to the specified involvement for which it was made. If the nature of the involvement changes from that for which the applicant is found suitable, he may be required to submit himself to a determination by the commission of his suitability in the new capacity.

8. Approvals. The Nevada Gaming Control Act and the regulations thereunder do or may require commission approval for certain acts of licensees or transactions directly or indirectly involving licensees. Such approvals by themselves do not constitute the licensing or a finding of suitability of any person involved, but the licensing or finding suitable of the persons involved may, unless

circumstances indicate otherwise, constitute approval by the commission of the transaction in question.

(Effective:\_\_\_\_\_.)

## **REGULATION 6 ACCOUNTING REGULATIONS**

### **AMENDMENTS TO REGULATION 6.105**

**PURPOSE:** To implement the requirements of Assembly Bill 471 as passed by the 2005 Nevada Legislature; to establish internal control requirements for operators of mobile gaming systems; to take such additional action as may be necessary and proper to effectuate these stated purposes.

(Draft Date: 08/12/05)

#### **6.105 Internal control for operators of inter-casino linked systems and mobile gaming systems.**

1. Each operator shall prepare and submit a written internal control system describing the operation of the inter-casino linked system or mobile gaming system, in accordance with this regulation. Each operator shall, if required by the chairman, amend the written system to comply with any requirements consistent with this regulation that the chairman deems appropriate.

2. Each operator and each licensee participating in each operator's inter-casino linked system or mobile gaming system shall comply with the internal control system and all amendments to such internal control system as have been approved by the chairman.

3. Unless the chairman approves otherwise in writing, each operator shall direct an independent accountant engaged by the operator to perform observations, document examinations and inquiries of employees to determine compliance with the operator's internal control system using procedures approved by the chairman. The independent accountant engaged by the operator will submit to the operator two copies of a written report of its compliance with the internal control system approved by the chairman. Not later than 150 days after the end of the operator's business year, the operator shall submit two copies of the independent accountant's report summarizing all instances of noncompliance or any other correspondence directly relating to the operator's system of internal control to the board, accompanied by the operator's statement addressing each item of noncompliance noted by the independent accountant and describing the corrective measures taken.

(Effective \_\_\_\_\_).

## **REGULATION 8 TRANSFERS OF OWNERSHIP: LOANS**

### **AMENDMENTS TO REGULATION 8.130**

**PURPOSE:** To implement the requirements of Assembly Bill 471 as passed by the 2005 Nevada Legislature; to add operators of mobile gaming systems to the list of licensees required to file transaction reports under, and comply with NGC Regulation 8.130; to take such additional action as may be necessary and proper to effectuate these stated purposes.

(Draft Date: 08/12/05)

**8.130 Transaction reports.** As used in this section, "licensee" means any person to whom a valid nonrestricted gaming license, including a license as an operator of a slot machine route, mobile gaming system, or an inter-casino linked system, manufacturer's, distributor's, or disseminator's license, a license to engage in off-track pari-mutuel wagering, pari-mutuel systems operator license, or a pari-mutuel wagering license has been issued. The term does not include a person licensed solely as a holder of a security or other ownership interest in, as an officer, director or key employee of, or due to any other relationship with, a licensed operation.

1. Any licensee that receives, accepts, or makes use of any cash, property, credit, guaranty, benefit or any form of security loaned to, leased to, or provided for or on behalf of the licensee or an officer, director, agent, employee or stockholder of the licensee, in a transaction required to be reported under subsections 2 through 6, must report the transaction to the board in the manner required by subsections 7 and 8 within 30 days after the end of the calendar quarter in which the transaction is consummated. A transaction is considered consummated the earlier of the contract date or the date the cash, property, credit, guaranty, benefit or security is received.

2. Except as provided in subsections 3 and 5, each of the following transactions must be reported to the board, if the dollar amount of the transaction or the fair market value of the assets involved exceeds \$300,000 or the average monthly payment exceeds \$30,000:

(a) Leases, including leaseback transactions and capital leases.

(b) Deposits received by the licensee pursuant to an arrangement for use of space at the licensee's establishment.

(c) Installment purchase contracts.

(d) Property donated to the licensee.

3. Except as provided in subsection 5, each of the following transactions must be reported to the board, if the dollar amount of the transaction exceeds \$30,000:

(a) Loans, mortgages and trust deeds.

(b) Capital contributions and loans by a person who is a stockholder, partner or proprietor of the licensee.

(c) Safekeeping deposits which:

(1) Are made by an individual beneficially owning, directly or indirectly, a 10 percent or greater interest in the licensee;

(2) Are commingled with the licensee's funds;

(3) Are left for more than 10 days; and

(4) At any time during that period, aggregate to an amount greater than 25 percent of cash in the cage.

(d) Lines of credit.



(e) Accounts payable and accrued expenses due to unaffiliated persons where the payment terms or actual length of payments exceed 12 months.

(f) Conversions of accounts payable, accrued expenses or other liabilities to notes payable.

(g) Debts forgiven by a lender.

(h) Guaranties received by the licensee.

(i) Accruals of salary due to an individual directly or indirectly owning an interest in the licensee where the accrual period exceeds 90 days.

4. Those transactions in subsections 2 and 3 which occur no more than 7 days apart from a single source shall be considered a single transaction if they exceed the dollar amounts specified in those subsections.

5. The following transactions need not be reported to the board regardless of the dollar amount of the transaction, fair market value of the assets involved, or average monthly payment:

(a) Draws against a previously reported extension of credit.

(b) Except for items specifically described in subsections 2 or 3, goods or services which are exchanged for other goods or services of an affiliate of the licensee.

(c) Short-term cash loans which have a payback period of less than 7 days and are provided to the licensee on a regularly recurring basis, provided the terms and conditions of the arrangement have not changed, and provided the initial loan or financing arrangement has been reported.

(d) Loans and other financing activities that were reviewed during an investigation which resulted in board or commission action, provided the terms and conditions of the arrangements have not changed.

(e) Financing of gaming devices or associated equipment installed and used during a trial period authorized pursuant to Regulation 14.

(f) Funds received by the licensee in satisfaction of accounts or notes receivable.

(g) Purchases or leases of gaming devices and associated equipment where the seller or lessor is a licensed manufacturer or distributor, and the financing is not provided by a third party.

(h) Cash, property, credit, services, guaranty, benefit or any form of security loaned to or provided for or on behalf of the licensee by a licensed affiliate, licensed subsidiary or registered parent of the licensee. However, such financing from a stockholder, partner, unlicensed affiliate or proprietor of the licensed operation must be reported.

(i) Assessments for property taxes or other improvements by, or accruals for taxes due to, a government entity.

(j) Payments of gaming winnings over time to patrons.

(k) Deposits or payments received by the licensee in conjunction with a convention or similar event.

(l) Leases, including leaseback transactions and capital leases, where the lease term, including any extensions or renewals, does not exceed 90 days.

(m) Financing activity that has been filed and administratively approved by the chairman of the Gaming Control Board pursuant to Regulations 5.115, 6.125 or 22.040, or has been approved by the commission pursuant to Regulation 5.115.

6. All renewals, changes or modifications to the terms or conditions of transactions previously reported under this section must be reported.

7. The report to the board required by this section must include the names and addresses of all parties to the transaction, the amount and source of the funds, property or credit received or applied, the nature and amount of security provided by or on behalf of the licensee, the purpose of the transaction, and any additional information the board may require. For transactions reported pursuant to requirements of subsection 4, the report must also identify the dates of each loan or contribution. The report must be made on a form provided or approved by the board, accompanied by a fully executed copy of the financing agreement, and signed by an owner or key employee (as defined by Regulation 3.110) under oath.

8. In the event a party to any transaction reportable pursuant to this regulation is a person other than the reporting licensee or a financial institution or related subsidiary, or a publicly traded company, the report must be accompanied by a supplemental filing which must include that person's federal tax identification number or social security number and date of birth, banking references, and source of funds, and any additional information the board may require.

9. If, after such investigation as the board deems appropriate, the commission finds that a reported transaction is inimical to the public health, safety, morals, good order or general welfare of the people of the State of Nevada, or would reflect, or tend to reflect, discredit upon the State of Nevada or the gaming industry, it may order the transaction rescinded within such time and upon such terms and conditions as it deems appropriate.

10. A bankruptcy filing by a licensee does not relieve that licensee of the reporting requirements of this regulation.

11. The board chairman or his designee may waive one or more of the provisions of this section or require a report of a transaction not otherwise addressed in this section or a supplemental filing, upon a finding that the waiver, reporting requirement or supplemental filing is consistent with the public policy of the State of Nevada as set forth in NRS 463.0129.

(Effective: \_\_\_\_\_.)

**REGULATION 14**  
**MANUFACTURERS, DISTRIBUTORS, OPERATORS OF INTER-CASINO**  
**LINKED SYSTEMS, GAMING DEVICES, INTER-CASINO LINKED SYSTEMS,**  
**ON-LINE SLOT METERING SYSTEMS, CASHLESS WAGERING SYSTEMS**  
**AND ASSOCIATED EQUIPMENT**

**AMENDMENTS TO REGULATIONS 14.010, 14.030, AND 14.080**

**PURPOSE:** To implement the requirements of Assembly Bill 471 as passed by the 2005 Nevada Legislature; to establish a definition of "mobile gaming system," "mobile gaming system modification" and "operator;" to establish that an application for a mobile gaming system must include certain information, including a description of the method used to isolate game function to the areas listed in Regulation 5.220(1)(i); to take such additional action as may be necessary and proper to effectuate these stated purposes.

**14.010 Definitions.** As used in this regulation, unless the context otherwise requires:

1. “Cashless wagering system” means the collective hardware, software, communications technology, and other associated equipment used to facilitate wagering with other than chips, tokens or legal tender of the United States. The term does not include any race and sports computerized bookmaking system that accepts pari-mutuel wagers, or any other race and sports book systems that do not accept wagering instruments or process electronic money transfers. This type of associated equipment is further defined in NRS 463.014.

2. “Chairman” means the chairman or other member of the state gaming control board.

3. “Conversion” means a change in a gaming device from one pre-approved configuration to another pre-approved configuration or from one approved mode of play to another approved mode of play.

4. “Distributor” is any person that sells, leases, markets, offers, or otherwise distributes any gaming device, [or] cashless wagering system, or mobile gaming system for use or play in Nevada or sells, leases, or otherwise distributes any gaming device, [or] cashless wagering system, or mobile gaming system from a location within Nevada.

5. “Distributor of associated equipment” is any person that sells, leases, markets, offers, or otherwise distributes associated equipment in Nevada for use by licensees.

6. “Game outcome” is the final result of the wager.

7. “Inter-casino linked system” means an inter-casino linked system including the collective hardware, software, communications technology and other associated equipment used to link and monitor games or devices located at two or more licensed gaming establishments. Systems that solely record a patron’s wagering activity among affiliated properties are not inter-casino linked systems. This term is further defined in NRS 463.01643.

8. “Inter-casino linked system modification” means a change or alteration to an inter-casino linked system made by an operator who has been previously approved by the commission to operate that system. With regard to inter-casino linked systems that link progressive payout schedules, the term includes, but is not limited to:

- (a) A change in a system name or theme; or
- (b) A change in gaming device denomination.

9. “Manufacturer” is any person that manufactures, assembles, produces, programs, or makes modifications to any gaming device, [or] cashless wagering system, or mobile gaming system for use or play in Nevada or for distribution outside of Nevada.

10. “Manufacturer of associated equipment” is any person that manufactures, assembles, or produces any associated equipment, including inter-casino linked systems, for use by licensees.

11. “Mobile gaming system” or “system” means a system that allows for the conduct of games through mobile communications devices operated solely within a public area of the licensed gaming establishment by the use of communications technology that allows a patron to bet or wager, and corresponding information related to the display of the game, gaming outcomes or other similar information.

12. Mobile gaming system modification” means any change or alteration to a mobile gaming system made by a manufacturer from its approved configuration.

[11] 13. “Modification” means a change or alteration in a gaming device that affects the manner or mode of play of the device. The term includes a change to control or graphics programs and, except as provided in paragraphs (d) and (e), in the theoretical hold percentage. The term does not include:

- (a) A conversion;
- (b) Replacement of one component with another, pre-approved component;
- (c) The rebuilding of a previously approved device with pre-approved components;
- (d) A change in the theoretical hold percentage of a mechanical or electro-mechanical device, provided that the device as changed meets the standards of Regulation 14.040(1); or
- (e) A change in the theoretical hold percentage of an electronic device which is the result of a top award jackpot or bonus jackpot payment which is paid directly by an attendant and which is not accounted for by the device.

[12] 14. “On-line slot metering system” means the collective hardware, software and other associated equipment used to monitor, accumulate, and record meter information from gaming devices within a licensed establishment.

[13] 15. “Operator” means any person or entity holding a license to operate an inter-casino linked system or mobile gaming system in Nevada, a person or entity holding a license to operate a slot machine route that operates an inter-casino linked system for slot machines only, or a person or entity holding a license to operate a nonrestricted gaming operation that operates an inter-casino linked system of affiliates.

[14] 16. “Private residence” means a noncommercial structure used by a natural person as a place of abode and which is not used for a commercial purpose.

[15] 17. “Randomness” is the observed unpredictability and absence of pattern in a set of elements or events that have definite probabilities of occurrence.

[16] 18. “Theme” means a concept, subject matter and methodology of design.

(Effective \_\_\_\_\_).

#### **14.030 Approval of gaming devices and the operation of new inter-casino linked systems; applications and procedures.**

1. A manufacturer or distributor shall not distribute a gaming device in Nevada and a licensee shall not offer a gaming device for play unless it has been approved by the commission or is offered for play pursuant to a field test ordered by the chairman.

2. An operator of an inter-casino linked system shall not install and operate a new inter-casino linked system in Nevada and a licensee shall not offer any gaming device or game for play that is part of such a system unless operation of the inter-casino linked system and all gaming devices or games that are part of or connected to the inter-casino linked system have been approved by the commission or are offered for play pursuant to a field test ordered by the chairman.

3. Applications for approval of a new gaming device or to operate a new inter-casino linked system, shall be made and processed in such manner and using

such forms as the chairman may prescribe. Only licensed manufacturers may apply for approval of a new gaming device. Only operators may apply for approval to operate a new inter-casino linked system.

4. At the chairman's request an applicant for a manufacturer's or inter-casino linked system operator's license shall, or upon the chairman's prior approval an applicant for a manufacturer's or operator's license may, apply for a preliminary determination that a new gaming device or new inter-casino linked system meets the standards required by this regulation.

5. Each application shall include, in addition to other items or information as the chairman may require:

(a) A complete, comprehensive, and technically accurate description and explanation in both technical and lay language of the manner in which the device or inter-casino linked system operates, signed under penalty of perjury;

(b) A statement under penalty of perjury that, to the best of the manufacturer's knowledge, the gaming device meets the standards of section 14.040 or, in the case of an inter-casino linked system, that to the best of the operator's knowledge the system meets the standards of section 14.045;

(c) In the case of a gaming device, a copy of all executable software, including data and graphic information, and a copy of all source code for programs that cannot be reasonably demonstrated to have any use other than in a gaming device submitted on electronically readable, unalterable media;

(d) In the case of a gaming device, a copy of all graphical images displayed on the gaming device including, but not limited to, reel strips, rules, instructions and paytables; and

(e) In the case of an inter-casino linked system:

(1) An operator's manual;

(2) An internal control system;

(3) A hold harmless agreement;

(4) A graphical representation of the system theme and all related sign-age;

and

(5) Information sufficient to calculate a theoretical payoff schedule amount including, but not limited to, the base and reset amounts, the total contribution percentage and a breakdown of that percentage including contribution rates to all progressive payoff schedules and all reset funds, the odds of winning the progressive payoff schedule and the amount of the wager required to win the progressive payoff schedule.

(f) In the case of a mobile gaming system:

(1) An operator's manual;

(2) An internal control system;

(3) A description of the method used to isolate game function to the areas listed in Regulation 5.220(1)(h).

(Effective \_\_\_\_\_).

#### **14.080 Field test of new gaming devices and new inter-casino linked systems.**

1. The chairman shall make a preliminary, nonbinding determination whether a new gaming device meets the standards of section 14.040 or a new inter-casino linked system meets the standards of section 14.045. If the chairman makes a

preliminary determination that a new gaming device has met the standards of section 14.040 or a new inter-casino linked system has met the standards of section 14.045, he may allow or require that one or more models of the gaming device or the inter-casino linked system, be tested at a licensed gaming establishment(s) for not less than 60 nor more than 180 days under terms and conditions that he may approve or require. Upon written request of the manufacturer, distributor or operator, the chairman may, by written agreement, allow the test period to be continued an additional 90 days beyond the 180-day maximum field test period, for the purpose of allowing the application for approval of the new gaming device or application to operate a new inter-casino linked system to be acted upon by the board and commission. The chairman shall report all field tests on the agenda of the next regularly scheduled meeting of the board and commission.

2. A manufacturer shall not modify a gaming device and an operator shall not modify a new inter-casino linked system during the test period without the prior oral or written approval of the chairman. Within 15 days of a modification made upon oral approval, the manufacturer or operator making such modification shall submit a written request for approval of the modification.

3. The chairman may order termination of the test period, if he determines, in his sole and absolute discretion, that the manufacturer, operator, or licensed gaming establishment has not complied with the terms and conditions of the order allowing or requiring a test period or if the new gaming device or new inter-casino linked system fails to meet the standards of section 14.040 or section 14.045, respectively.

(a) If the test period is terminated due to the licensed gaming establishment's failure to comply with the terms and conditions of the order allowing or requiring a test period, the chairman may order that the test be conducted at another licensed gaming establishment.

(b) A manufacturer or operator may object to the termination of the test period by filing a written objection with the commission. The filing of an objection shall not stay the order terminating the test. If the commission fails to order resumption of the test within 60 days of the written objection, the objection will be deemed denied. If the commission sustains the objection, the testing may be resumed under terms that may be approved or required by the commission.

4. A licensee or manufacturer, or their agent shall not play a new gaming device during a test period. A licensee or operator, or their agent, shall not play a or gaming device or game connected to a new inter-casino linked system during a test period.

5. If the chairman has made a determination that a new gaming device or new inter-casino linked system is not eligible for testing at a licensed gaming establishment because the new device or new system does not meet the standards of section 14.040 or section 14.045, respectively, he shall notify the manufacturer or operator in writing. Not later than 10 days after receipt of such notification, the manufacturer or operator may object to such a determination by filing written objection with the commission. If the commission fails to order a test period within 60 days of the written objection, the objection will be deemed denied. If the commission sustains the objection, the new gaming device or new inter-casino linked system may be tested at a licensed gaming establishment under terms and conditions that may be approved or required by the commission.

(Effective \_\_\_\_\_.)

**REGULATION 22  
RACE BOOKS AND SPORTS POOLS**

**AMENDMENTS TO REGULATION 22.135**

**PURPOSE:** To implement the requirements of Assembly Bill 471 as passed by the 2005 Nevada Legislature; to exempt mobile communications devices that are used in a mobile gaming system from the prohibitions established by NGC Regulation 22.135: to take such additional action as may be necessary and proper to effectuate these stated purposes.

(Draft Date: 08/12/05)

**22.135 Use of communications devices prohibited.** Except for the use of a mobile communications device used as part of a mobile gaming system, [A] a book shall not allow a person to use a communications device within the premises of the book. The premises of the book shall be considered any area where race book or sports pool wagers are accepted. A person who is found to be using a communications device within a book's premises must be advised to immediately discontinue use of the device or be escorted off those premises. Communications devices include, but are not limited to, paging devices, cellular telephones, radios and computers that are being used to transmit or receive information.

(Effective: \_\_\_\_\_.)